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## BOOK REVIEWS.

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*Value and Distribution: A Historical, Critical, and Constructive Study in Economic Theory.* Adapted for advanced and postgraduate work. By CHARLES WILLIAM MACFARLANE, PH.D. Philadelphia: J. B. Lippincott & Co., 1899. 8vo. pp. vii + 317.

THE character and purpose of this work are adequately described in the subtitles, and it may be stated at once that the book fully justifies the expectations raised by the title-page. It may be enthusiastically commended to teachers and students of higher economic theory. It is pure theory, but not theory in the air. It is written in a spirit that shows the writer to be interested in the applicability and outcome of his theories.

The chief service rendered by the volume is the admirable conspectus it gives of the theoretical work of the present generation of economists. All the important discussions, whether in books or in periodicals, have been carefully sifted, and the results put together into some sort of a coherent whole. But one exception is to be made to this statement: there is only the most sparing reference to the work of French, Dutch, and Italian economists. The harmonious setting, however, which Dr. Macfarlane has been able to give in his system to the seemingly divergent views of the several modern schools of English, German, and Austrian economic theory, is an inspiring proof that recent economic controversies have not been in vain. The book is a striking vindication of Professor Marshall's claim that there has been "no real breach of continuity in the development of the science."

Dr. Macfarlane's point of view is eclectic, but his is an organic, not a merely mechanic, eclecticism. We quote a single example *in extenso*, for it will serve much better than a host of descriptive adjectives to convey the method and spirit of his work:

So far as the present writer can see, the entire discussion as to the precedence of utility or disutility in the determination of price is not only without any real profit, but it is actually misleading. For, no matter what the seeming order of precedence may be, the fact remains that, in the case of freely

reproducible goods (normal price), the determination is contingent not upon one but upon two factors. It is true that the price of such a good may be *measured* either in terms of marginal utility or of marginal disutility, but its *determination* depends upon the coincidence of these two factors.

When, therefore, the Austrian economists tell us that in last resort the value even of freely reproducible goods is determined by marginal utility and not by cost, the question certainly seems a pertinent one: What determines the point at which this margin is fixed? The immediate answer is, of course, that it is fixed by the limitation of the supply of the commodity; increase this supply, and, other things being equal, marginal utility declines. This, however, only raises the further question, How or by what is the supply limited? In the case under discussion, that of freely reproducible goods, the only limitation to the supply is found in the cost of the goods, or in the marginal disutility endured in their production (p. 70).

The author's own constructive work is interestingly original in some of its details:

The fact from which all studies of distribution must start is the *price* of commodities, and what we have to determine is how this price is divided among the several parties to the transaction.

Hence the author's normal-value theory of distribution. He establishes three forms of surplus—the differential, the marginal, and the normal; these are respectively rent, profit, and, under the normal surplus, interest on capital and gain of labor. The differences between these several surpluses are otherwise defined by calling the first the price-determined surplus, the second the monopoly-price-determining surplus, and the last the normal price-determining surpluses of capital and labor.

Rent and profit are surpluses that may be secured by all four factors of production, while interest and gain of labor can only be secured by those factors that are freely reproducible.

These few items may serve to give some indication of the path taken by the author. It is a path that leads to some new fields, and those who take it will be richly repaid. The work deserves the serious attention of all students of economic theory.

A. C. MILLER.